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DEPARTMENT OF STATE A/CDO/MR
REVIEWED BY
PRIORITY
DATE 25 MAY 1982
RDS ☐ or XDS ☐ EXT. DATE
TS AUTH.
REASON(S)
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ACTION: Amembassy ROME

STATE

CIVAIR: Negotiations

REF: Rome 2088

1. Difficult problem now facing USDEL is to structure package that gives Italians help on routes that apparently is price for deal, but also satisfies US on routes and other matters. This problem is twofold:

A. If a deal can be concluded in this negotiation, what is the best deal we can get;

B. If there is no deal this time, how can we avoid leaving on table improved US offers that will be starting off place for subsequent round. This point is one we consider must not be overlooked by USDEL in next few days.

2. In view of our willingness to be forthcoming on routes, we believe the package must include satisfactory resolution of other matters of interest to us.

DRAFTED BY:	DRAFTING DATE	TEL. EXT.	APPROVED BY:
E/AN:PCNarten:fbp	4/28/70	22191	E/TT - Frank E. Loy

CLEARANCES:
EUR/AIS - Mr. Beaudry
CAB - Mr. Watson
DOT - Mr. Flynn
E/OA/AN - Mr. Styles

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Elements of a satisfactory package would be:

A. Routes: Assuming, based on your advice, that Italians probably want additional points most, we are prepared to accept as final fallback granting of Baltimore and either Philadelphia or Detroit, but not San Francisco. (San Francisco involves special problems and may not be offered without further authorization. At this point there is extreme reluctance to give this.) The other three methods of satisfying Italian route requests, suggested in paragraph 5, reftel, as alternates to adding points for Italy are not excluded. One specific proposal USDEL authorized to make is dropping Seattle and Portland from US list if it believes it could thus limit addition to Italian side to one point. Principal issue throughout is that of value. Except as specified above, we would want to have look at alternatives that you might suggest in other three areas ~~that you suggest~~ before they are tabled.

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2. Behind gateways: We consider it essential obtain explicit agreement that we can operate single plane through service behind gateways. While it would be desirable also to obtain explicit understanding that this includes right to operate without changing flight number, question of changing flight numbers can be left unspecified if Italians have not questioned this right. However, we could not accept explicit requirement that numbers be changed at gateways.

3. All-Cargo: Italians are to accept the principle that eventually all-cargo services will come under capacity provisions of agreement, and that routes for combination services will be available for all-cargo carriers. In addition we understand that there may be some special provisions for all-cargo services (no beyond Rome, different points intermediates, three additional in Italy). Assuming these matters settled, USDEL may accept lower

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level of frequencies in interim special period than we have proposed. We understand Seaboard willing accept limitation to five US points during interim special period provided behind gateway rights recognized and there are suitable intermediates. (We understand Joel Fisher wants open intermediates, but Seaboard here not clear significance this report).

4. Multiple Designation: Formula ~~described~~ described para 3 reftel acceptable.

5. Capacity: We concur that USDEL should attempt to achieve Brazil formula. We are concerned that Italian formula para 4 reftel will lock us into ~~annual~~ annual capacity challenge, and we are thus not in position to authorize at this time./ If Brazil formula does not sell, would suggest you explore whether Italian formula can be amended to take account of this concern.

7. Change of gauge: right to change of gauge should

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be assured. This means one for one ~~change~~ change, rather than fan out type.

8. Flynn (DOT) points out above position on ~~routes~~ routes goes beyond Volpe letter of January 6.

END

ROGERS

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